

CEC *Change in Employee Compensation Committee*

State Employee Benefit Overview

Keith Johnson, Director

January 5, 2007



Department of Administration

IDAHO
adm.idaho.gov

We Will Discuss:

- **Overview of Employee Benefits**
- **Current Market Conditions**
- **Employee & Retiree Enrollment and Claim Costs**
- **FY 2006 Costs vs. Trend**
- **Review of FY 2007 Premium Plan**
- **FY 2008 Budget Request**



Overview of Employee Benefits

- Medical Plan – **State & Employee Paid**
- Dental Plan – **State & Employee Paid**
- Basic Life & Disability - **State Paid**
- Supplemental Life - **Employee Paid**
- Flex Spending Account – **Employee Paid**
- Long Term Care - **Employee Paid**



FY 2006 Premium Payments

	State	Employee	Retiree	Total
Medical	\$121,928,000	\$11,805,400	\$14,054,300	\$147,787,700
Dental	\$3,934,500	\$4,751,700		\$8,686,200
Life/Disab.	\$7,615,400			\$7,615,400
Supple Life		\$995,800		\$995,800
TOTAL	\$133,477,900	\$17,552,900	\$14,054,300	\$165,085,100



What is “Trend”?

- **Utilization of Benefits by Those Covered**
- **Inflation in Cost of Health Care Services**
- **FY 2008 Budget Estimate
Assumes **11 % Trend****

-- Source: Milliman USA, Actuarial Firm



Causes of Medical Inflation

- **Increased Hospitalization Costs**
- **Increased Physician Costs**
- **New Technology**
- **New Prescription Drugs**
- **Malpractice and Legal Costs**
- **Uninsured Patients**



National Trends

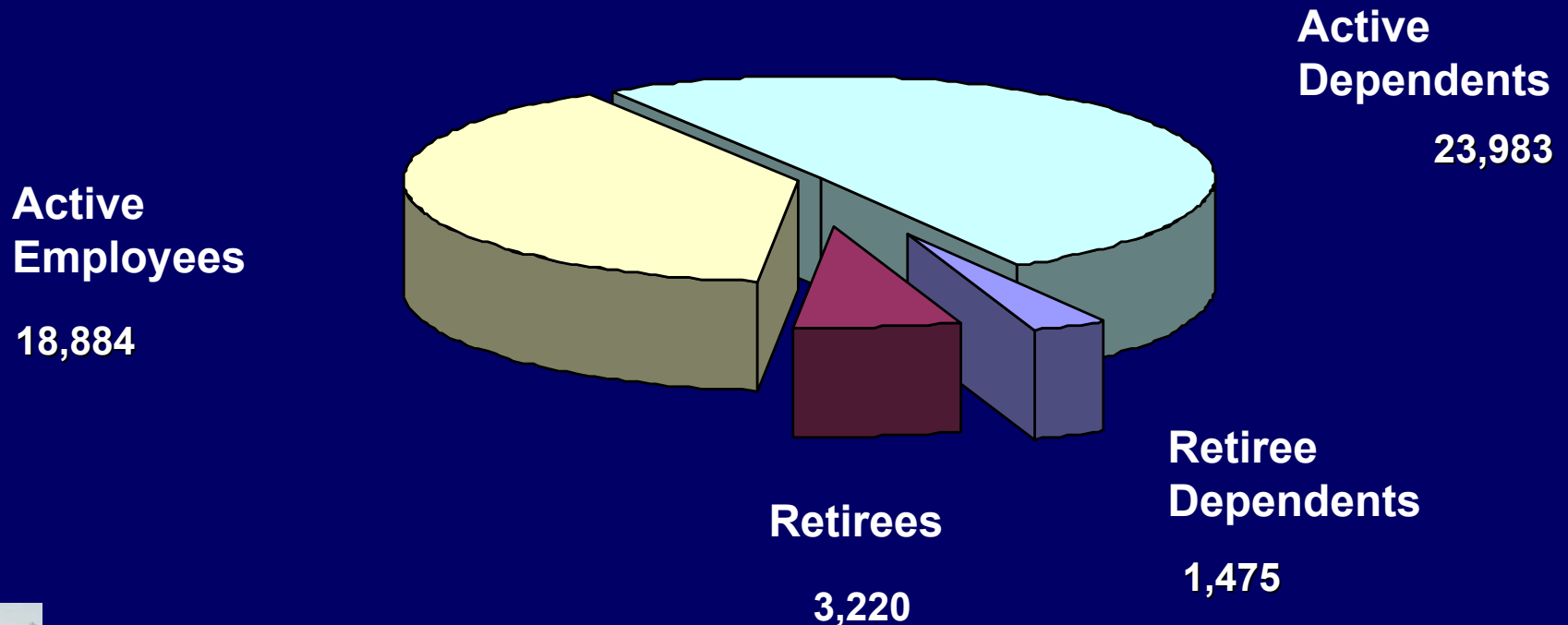
	Mercer	Segal
Traditional Indemnity	15.6%	13.3%
PPO Medical	11.5%	11.7%
Prescription Drug	12.8%	11.8%
Dental	7.0%	7.5%



Health Plan Total Enrollment

47,562 -- Employees, Retirees, Dependents

(As of November 30 2006)

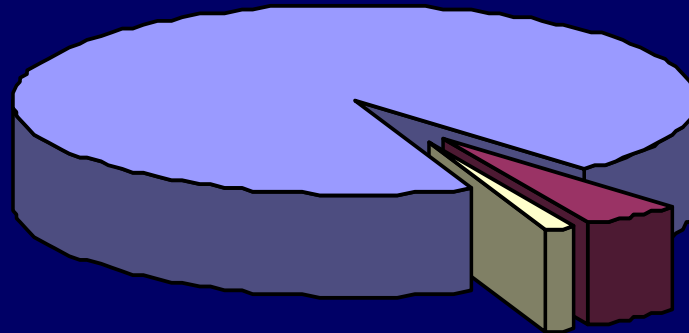


Department of Administration

FY 2006 Total Medical Plan Costs

Incurred Claims

93.75%



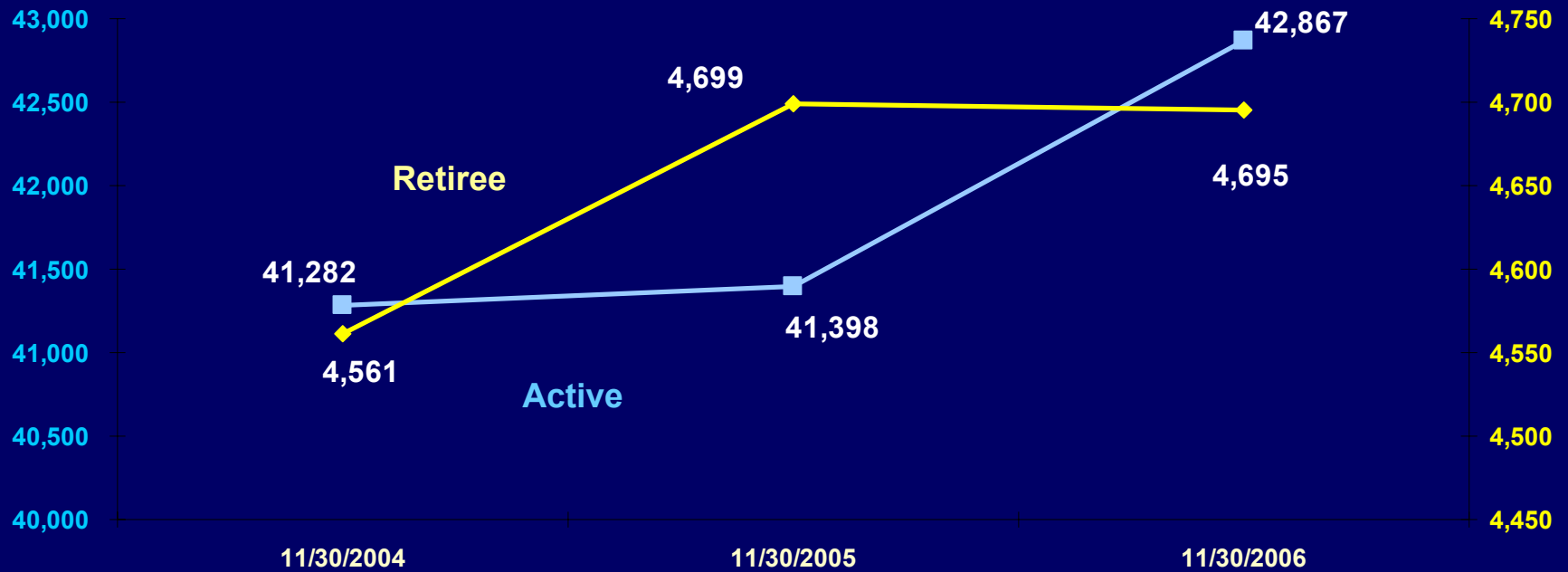
**4.75%
Retention**

**1.50%
Premium
Tax**



Department of Administration

Enrollment History

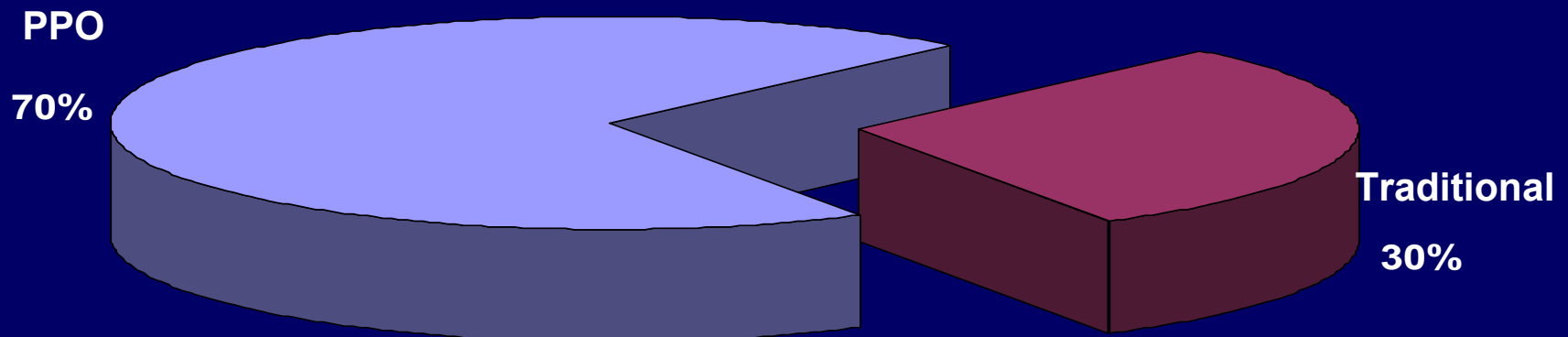


Department of Administration

FY 2007 Active Enrollment

Total Lives Covered: 42,867

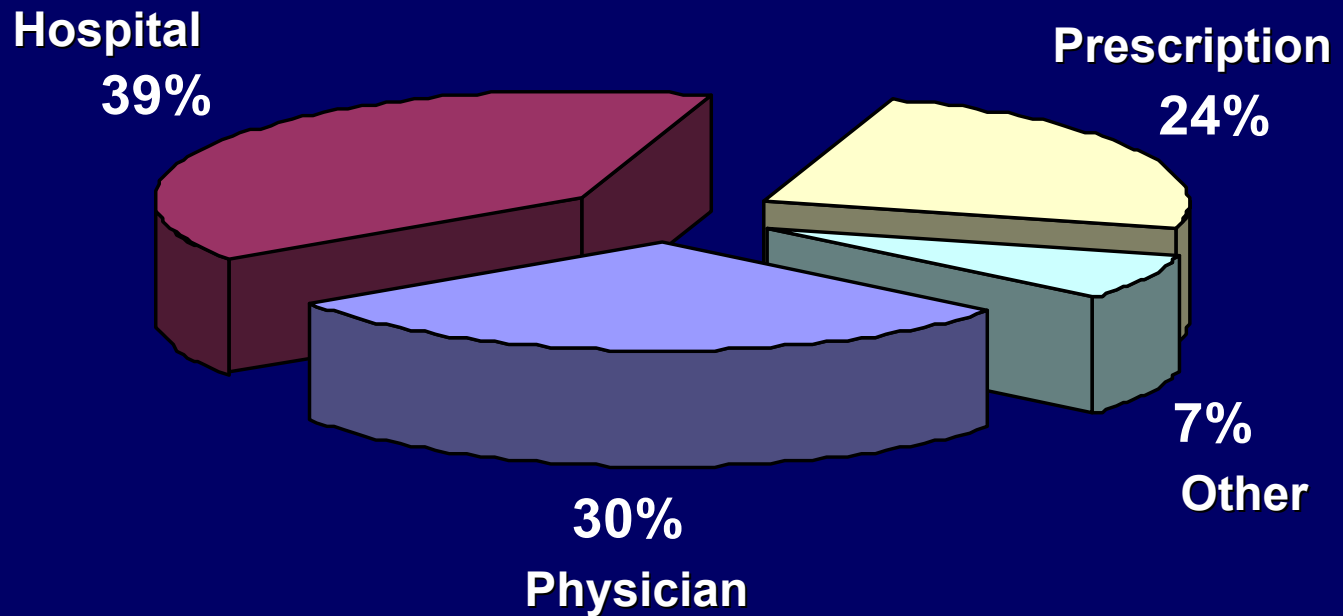
November 30, 2006



Department of Administration

IDAHO
adm.idaho.gov

Active Plan Claims Distribution FY 2006



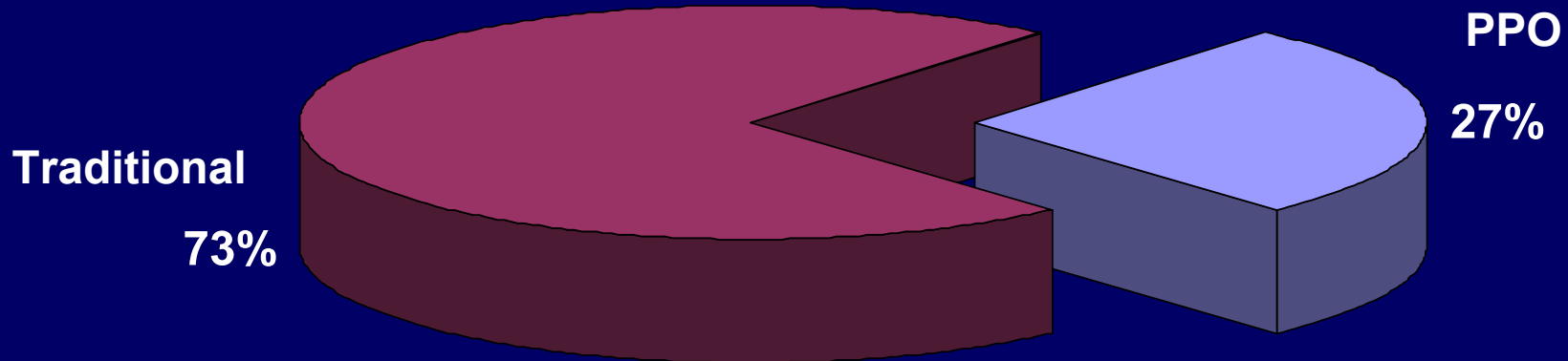
Department of Administration

IDAHO
adm.idaho.gov

FY 2007 Retiree Enrollment

Total Lives Covered: 4,695

November 30, 2006



Department of Administration

IDAHO
adm.idaho.gov

Retiree Claims Distribution

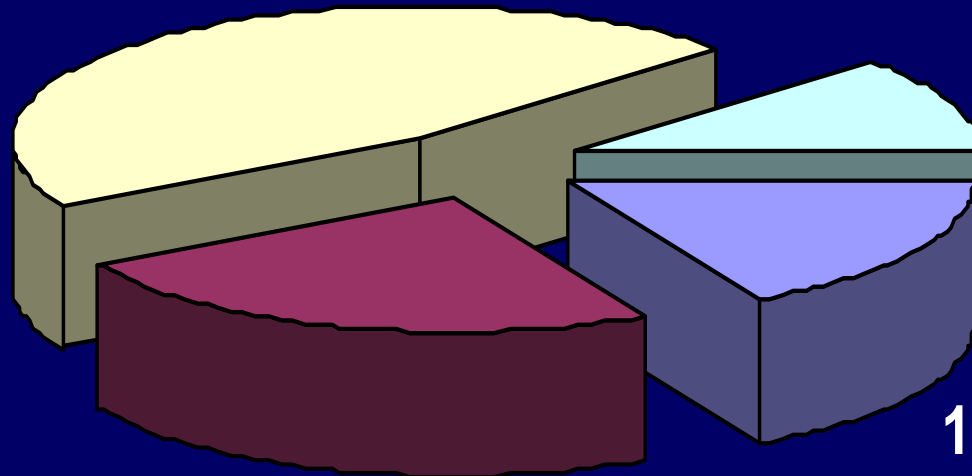
FY 2006

Prescription

46%

Other

12%



25%
Hospital

17%

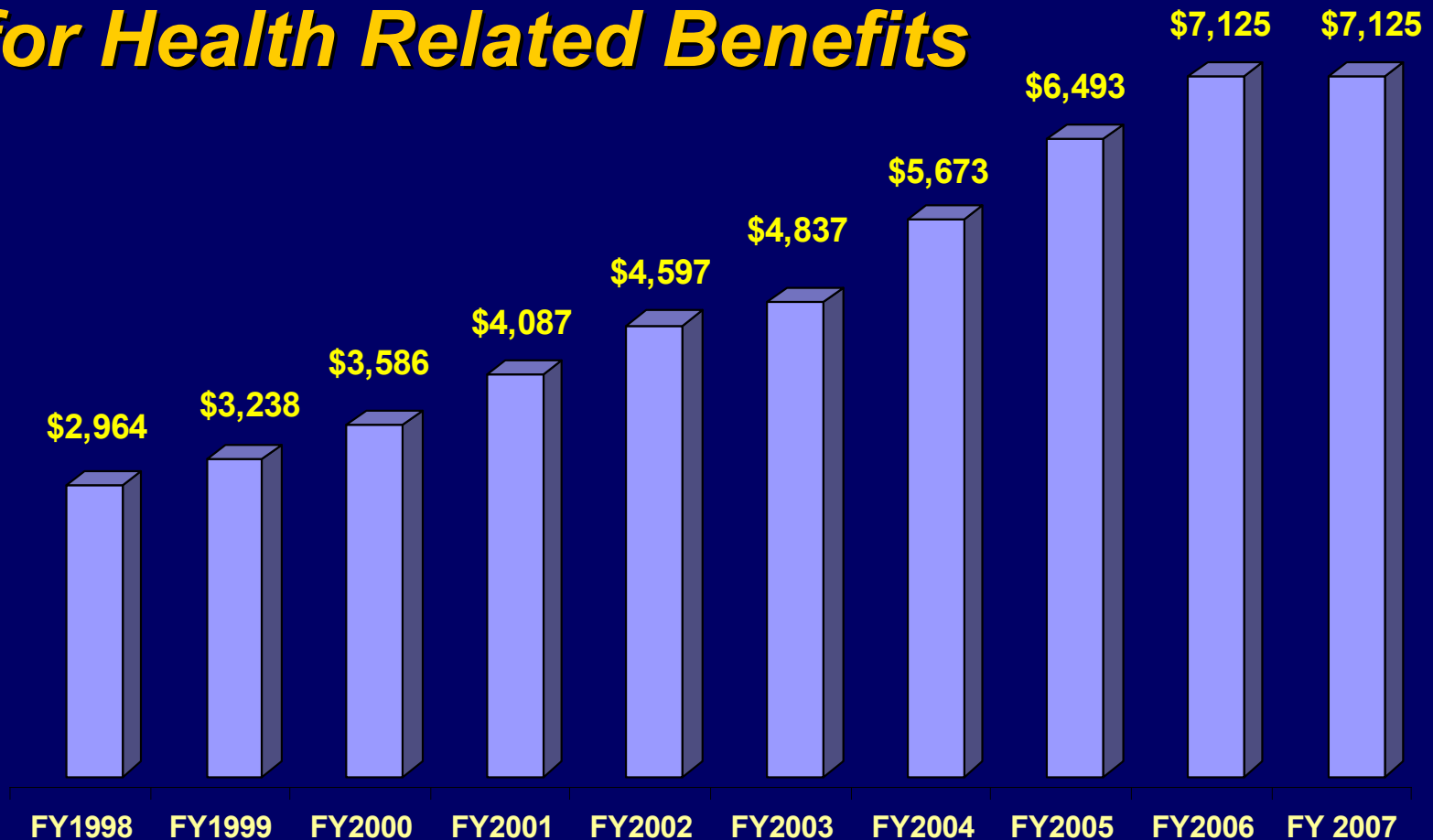
Physician



Department of Administration

IDAHO
adm.idaho.gov

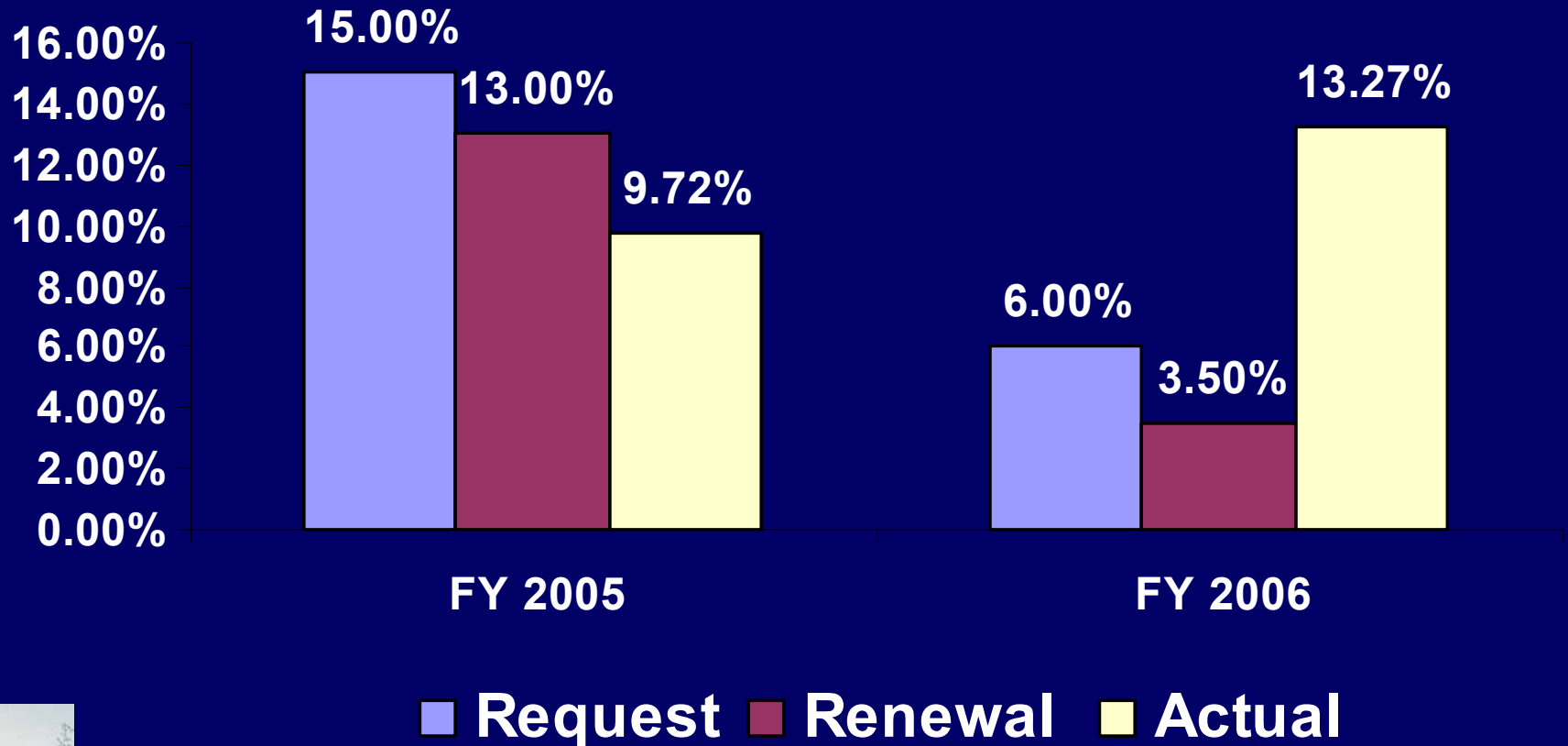
State Contributions for Health Related Benefits



Department of Administration

IDAHO
adm.idaho.gov

Medical Renewal Summary



Department of Administration

Medical Plan Financial History

	FY 2005	FY 2006
Premiums	\$136,919,228	\$147,787,700
Premium Tax	(\$1,729,579)	(\$1,974,413)
Incurred Claims	(\$115,965,656)	(\$132,808,287)
Retention	<u>(\$5,684,857)</u>	<u>(\$6,667,131)</u>
Surplus/(Deficit)	\$13,539,136	\$6,337,869



FY 07 Benefit and Funding Changes

- **No Appropriation Increase for Benefits**
- **State Absorbed 100% of Premium Increase**
- **Premium Holiday for Actives and Retirees**
- **Eight Month Life/Disability Premium Holiday**
- **Mental Health Parity**



Three Year Comparison Through November

	FY 05	FY 06	FY 07
Premiums	\$56,801,583	\$60,617,628	\$62,590,385
Prem. Tax	(\$799,971)	(\$862,010)	(\$903,678)
Claims	(\$52,862,696)	(\$50,884,988)	(\$57,840,597)
Retention	(\$2,347,570)	(\$2,752,229)	(\$3,212,407)
Surp/(Def)	\$791,346	\$6,118,401	\$633,703



FY 2008 Budget Request

State Sponsored Employee Benefit Programs

	FY07	FY08
	Budget	Request
	<u>/ FTP/yr</u>	<u>/ FTP/yr</u>
Life & Disability	1.10% Sal.	1.10% Sal.
Medical	\$ 6,910	\$ 7,255
Dental	<u>\$ 215</u>	<u>\$ 220</u>
<i>TOTAL:</i>	<i>\$ 7,125</i>	<i>\$ 7,475</i>

(Difference = \$350 per FTP per Year or \$.17/hr)



Appropriation History Health and Dental

**FY07
Appropriation**

\$ 7,125

**FY08
Request**

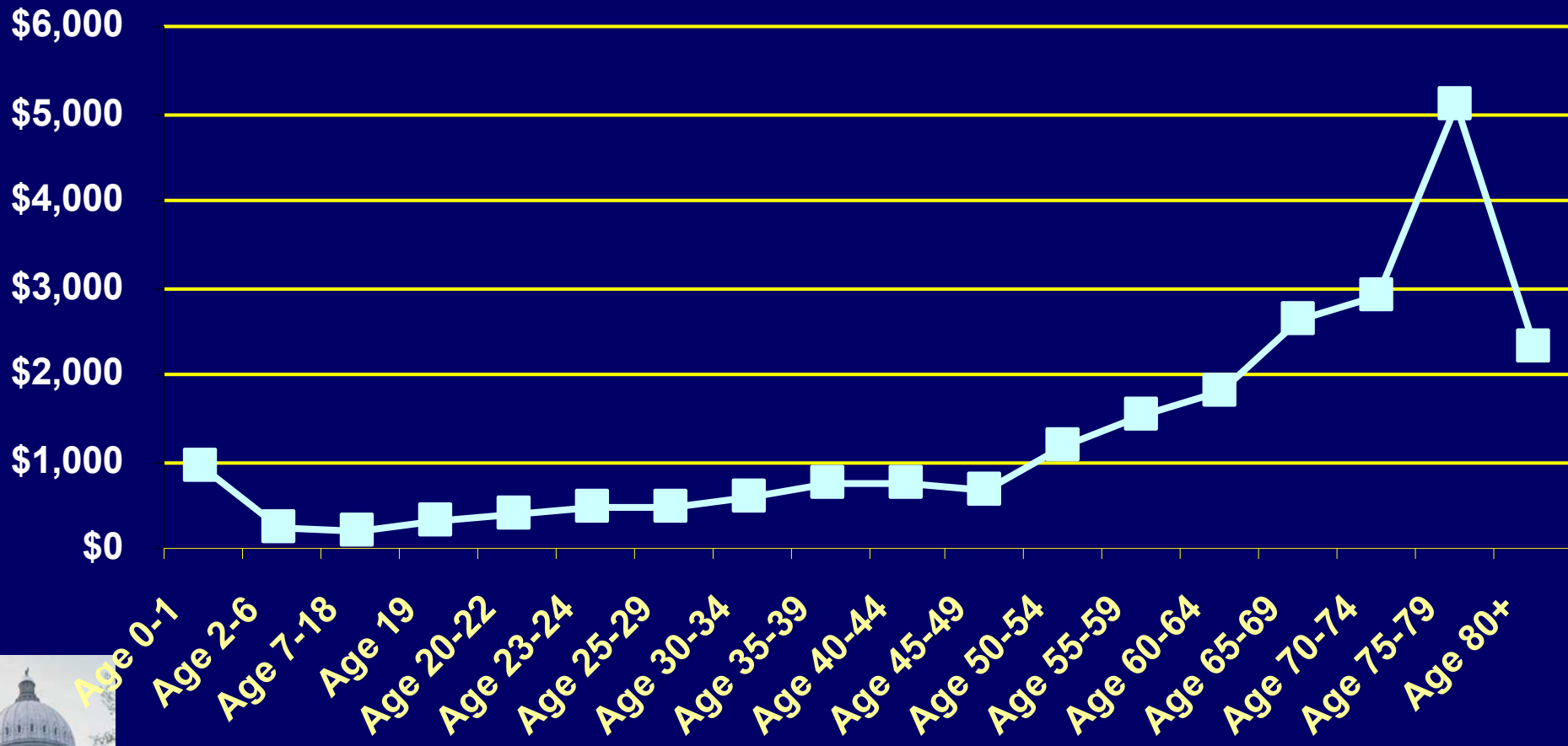
\$ 7,475

FY 2008 Request	\$350 Annually	\$.17/Hour
FY 2007 Increase	\$0	\$0
FY 2006 Increase:	\$632 Annually	\$.30/Hour
FY 2005 Increase:	\$820 Annually	\$.39/Hour
FY 2004 Increase:	\$836 Annually	\$.40/Hour



Per Capita Medical Costs

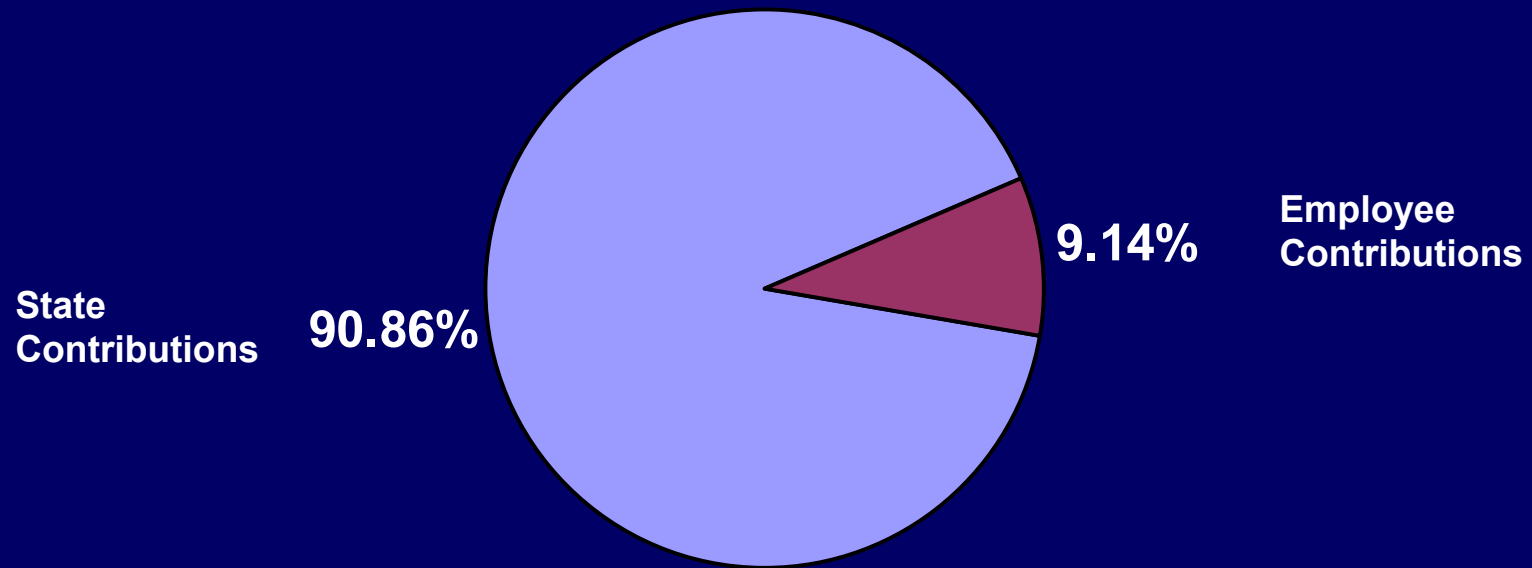
July 1, 2006 Through November 30, 2006



Department of Administration

IDAHO
adm.idaho.gov

Active Plan Premium Sharing Medical Plan



Employee Out of Pocket Expenses

	<u>FY 2006 Total</u>	<u>Cost/EE/Month</u>
Premium	\$11,805,400	\$53.47
Deductible	\$8,429,888	\$38.18
Co-Payment	\$11,043,800	\$50.02
Co-Insurance	<u>\$11,273,168</u>	<u>\$51.06</u>
TOTAL	\$42,552,256	\$192.73

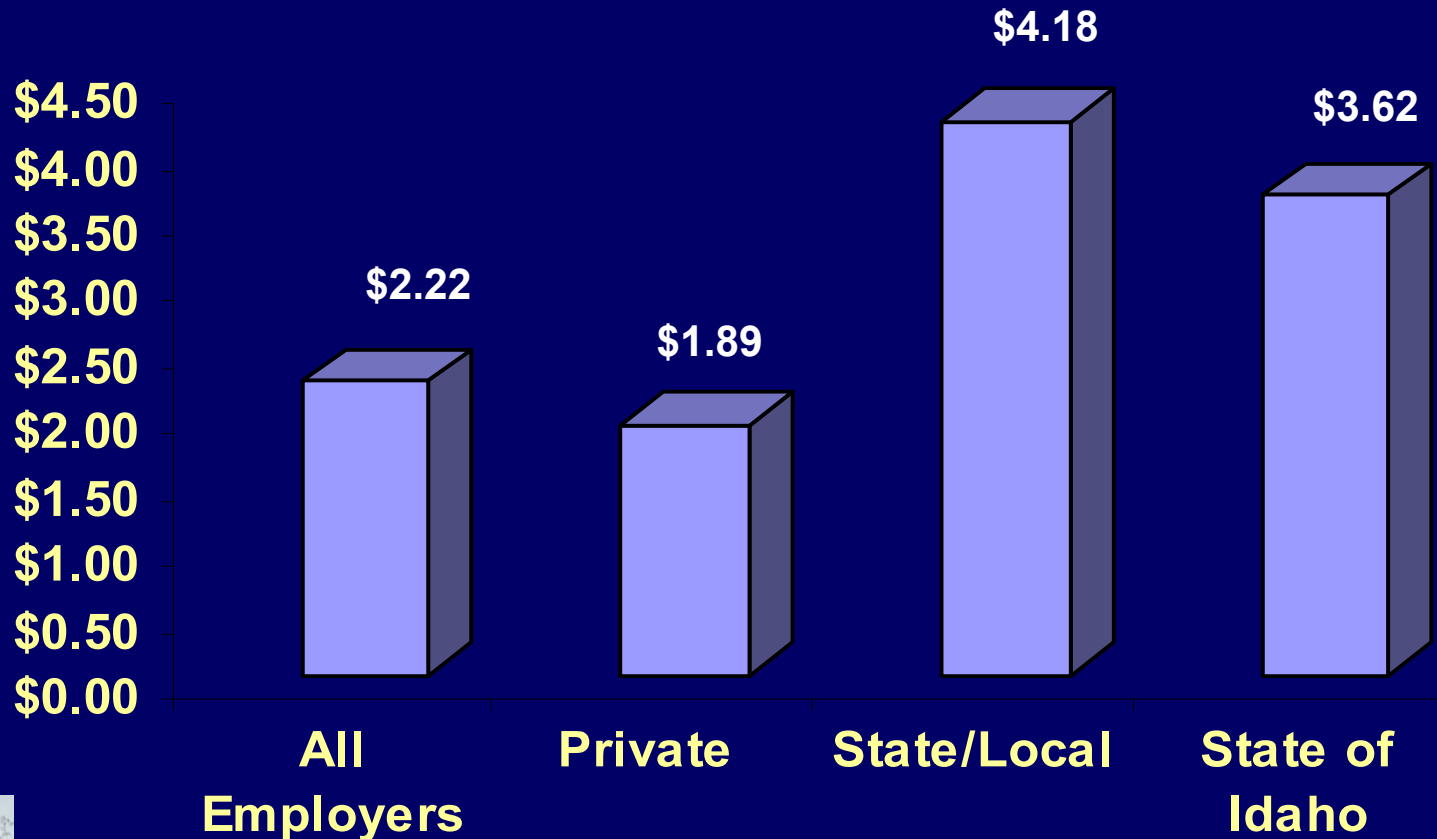
State Contribution

\$576.67/month

Department of Administration



Employer Hourly Insurance Costs



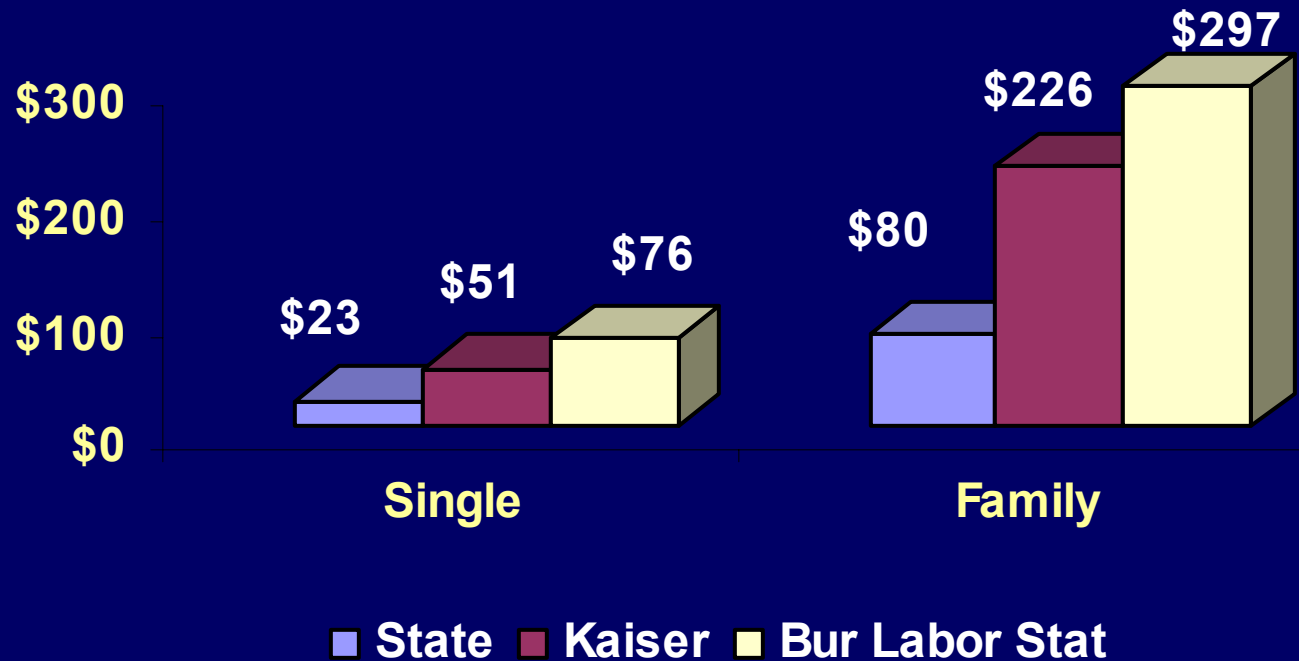
Source: Bureau of Labor Statistics September 2006 Survey

Department of Administration

IDAHO
adm.idaho.gov

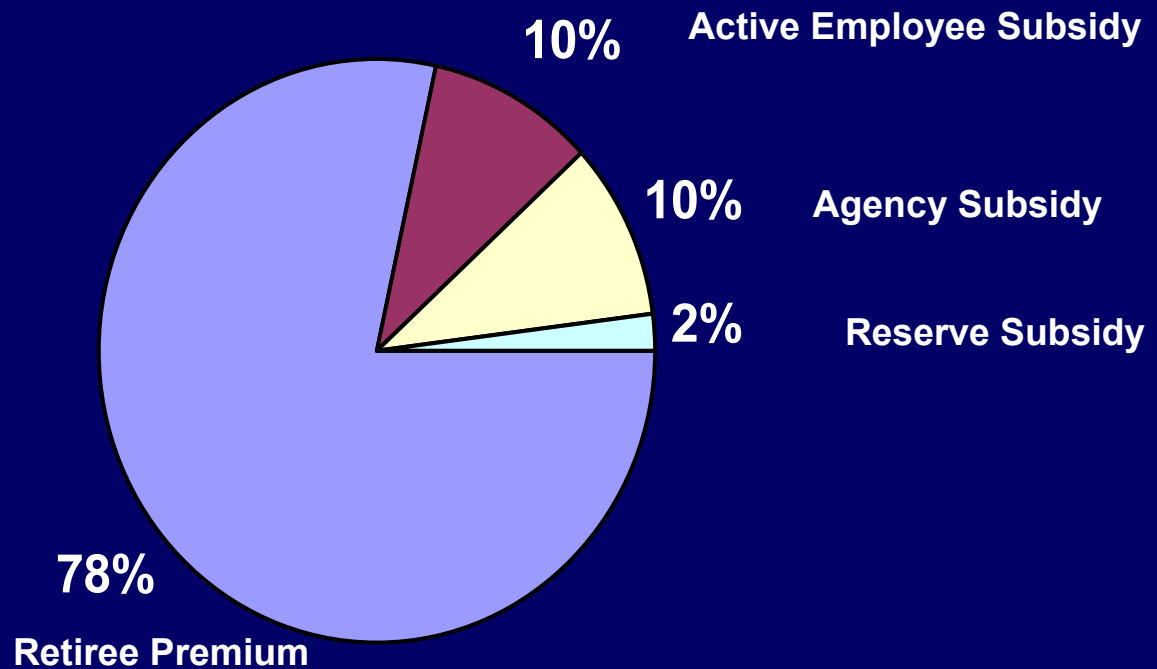


Employee Premiums Comparison Kaiser Family Foundation Survey



Department of Administration

Retiree Subsidy



22% Total Retiree Subsidy



Questions and Answers



Department of Administration

IDAHO
adm.idaho.gov